

THE CONDITION OF TRADE

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to its practical teaching upon the stability, in the long run, of investments) of the uniformities of action which connect the phenomena of nature and of men into an organic whole.

NOTE A.

The value, again, of exports declared by the owners of the goods and agents cannot obviously comprise the profit which the exporters will realise on their sale abroad. Yet this future profit constitutes an important portion of the value of the merchandise which is dispatched.

NOTE B.

The reference to the substantial equality of the two sides of the National Balance Sheet of Imports and Exports deserves expansion.

In 1882 a statistician of recognised authority instituted an exhaustive and very varied inquiry by different lines of investigation. His results showed that the service rendered to the carrying trade of the world by the United Kingdom (as the pre-eminent home of ships and the paramount financial Clearing House) had created an annual credit in favour of this country from foreign merchants of at least £60,000,000 for the use of vessels ; while the similar credit for acting as financial agents of foreign traders amounted to at least £20,000,000. This sum of £80,000,000 consequently constituted a debt due to the United Kingdom, in addition to the exports of goods and materials recorded in the Official Returns. This amount has been appropriately described as an *Invis'ible* Export—invisible as failing to be included in the published statements. The foreign indebtedness due to England in connection with its shipping service consists (as has already been partly mentioned) of the cost of carriage (or freight), the wages and provisions of the crews, the equipment and repairs of the vessels, the charge for insurance and renewals, and the profit realised upon the capital invested in these forms. The indebtedness to the United Kingdom expressed in the £20,000,000 comprises the commissions to which our bankers and merchants are entitled for acting as the agents of foreign customers over the civilised world ; the charges made for the acceptance of foreign bills (created by the exchange of goods) by our merchant-bankers, together with the brokerage involved in the sales of commodities consigned by foreigners to England for that purpose. At the date when this writer conducted his inquiry, the extent of British capital invested in foreign and colonial securities and properties was estimated at £1,500,000,000,¹ and an additional credit was thus established in favour of this country from abroad of over £67,000,000 a year if the average return at that period be assumed at 4½ per cent. The excess of our Imports beyond Exports had amounted, during the preceding few years, to an annual sum of £120,000,000, so that, when these invisible exports were incorporated into the account, together with the interest upon foreign investments, the apparent inequality of the National Statement of Exchanges

¹ It is now approximately assessed at about £3,000,000,000,